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NYSE: TRV

Travelers Reports Excellent First Quarter Results

First Quarter 2024 Net Income per Diluted Share of $4.80, up 16%, and Return on Equity of 18.0%

First Quarter 2024 Core Income per Diluted Share of $4.69, up 14%, and Core Return on Equity of 15.4%

Board of Directors Declares 5% Increase in Regular Quarterly Cash Dividend to $1.05 per Share

- First quarter net income of $1.123 billion and core income of $1.096 billion.
- Quarter included an elevated level of catastrophe losses of $712 million pre-tax, compared to $535 million pre-tax in the prior year quarter.
- Excellent consolidated combined ratio of 93.9% improved 1.5 points; outstanding underlying combined ratio of 87.7% improved 2.9 points.
- Net written premiums of $10.182 billion, up 8% compared to the prior year quarter, with growth in all three segments.
- Total capital of $620 million returned to shareholders, including $388 million of share repurchases.
- Book value per share of $109.28, up 9% over March 31, 2023; adjusted book value per share of $125.53, up 8% over March 31, 2023.

New York, April 17, 2024 — The Travelers Companies, Inc. today reported net income of $1.123 billion, or $4.80 per diluted share, for the quarter ended March 31, 2024, compared to $975 million, or $4.13 per diluted share, in the prior year quarter. Core income in the current quarter was $1.096 billion, or $4.69 per diluted share, compared to $970 million, or $4.11 per diluted share, in the prior year quarter. Core income increased primarily due to higher net investment income and a higher underlying underwriting gain (i.e., excluding net prior year reserve development and catastrophe losses), partially offset by higher catastrophe losses. The underlying underwriting gain was higher than in the prior year quarter, notwithstanding that the prior year quarter included a $211 million one-time tax benefit. Net realized investment gains in the current quarter were $35 million pre-tax ($27 million after-tax), compared to $6 million pre-tax ($5 million after-tax) in the prior year quarter. Per diluted share amounts benefited from the impact of share repurchases.

Consolidated Highlights

($ in millions, except for per share amounts, and after-tax, except for premiums and revenues)	Three Months Ended March 31, 2024	2023	Change	
Net written premiums	$10,182	$ 9,396	8 %	
Total revenues	$11,228	$ 9,704	16	
Net income	$ 1,123	$ 975	15	
per diluted share	*$ 4.80*	*$ 4.13*	*16*	
Core income	$ 1,096	$ 970	13	
per diluted share	*$ 4.69*	*$ 4.11*	*14*	
Diluted weighted average shares outstanding	232.0	234.4	(1)	
Combined ratio	93.9 %	95.4 %	(1.5)	pts
Underlying combined ratio	87.7 %	90.6 %	(2.9)	pts
Return on equity	18.0 %	17.5 %	0.5	pts
Core return on equity	15.4 %	14.5 %	0.9	pts

	As of			Change From	
	March 31, 2024	December 31, 2023	March 31, 2023	December 31, 2023	March 31, 2023
Book value per share	$ 109.28	$ 109.19	$ 99.80	— %	9 %
Adjusted book value per share	125.53	122.90	116.55	2 %	8 %

See Glossary of Financial Measures for definitions and the statistical supplement for additional financial data.

“We are very pleased to report excellent top- and bottom-line results for the first quarter,” said Alan Schnitzer, Chairman and Chief Executive Officer. “Core income for the quarter was $1.1 billion, or $4.69 per diluted share, generating core return on equity of 15.4%. Strong core income was driven by record net earned premiums of $10.1 billion, up 14% compared to the prior year period, and an excellent combined ratio of 93.9%. The combined ratio improved 1.5 points, notwithstanding elevated catastrophe activity, primarily in the central and eastern regions of the United States. The underlying combined ratio improved 2.9 points to an outstanding 87.7%, driven by strong underlying results in each of our three segments. Our high-quality investment portfolio generated after-tax net investment income of $698 million for the quarter, driven by strong and reliable returns from our growing fixed income portfolio and higher returns from our non-fixed income portfolio. During the quarter, we returned $620 million of capital to shareholders, including $388 million of share repurchases. In recognition of our strong financial position and confidence in the outlook for our business, I am pleased to share that our Board of Directors declared a 5% increase in our quarterly cash dividend to $1.05 per share, marking 20 consecutive years of dividend increases with a compound annual growth rate of 8% over that period.

“Through terrific marketplace execution across all three segments, we grew net written premiums in the quarter by 8% to $10.2 billion. In Business Insurance, we grew net written premiums by 9% to $5.6 billion. Renewal premium change in the segment remained very strong at 10.6%, while retention remained high at 86% and new business increased 8% to a record $691 million. In Bond & Specialty Insurance, we grew net written premiums by 6% to more than $940 million with strong retention and new business in our high-quality management liability business. In our industry-leading surety business, we grew net written premiums by 15%. Given the attractive returns, we are very pleased with the strong production results in both of our commercial business segments. In Personal Insurance, continued strong pricing drove 9% growth in net written premiums. Renewal premium change was 16.6% in our Auto business and 13.4% in our Homeowners and Other business.

“The year is off to a terrific start with strong profitability and production in all three segments, as well as higher investment income. In short, we’re firing on all cylinders. We also continue to invest in important strategic initiatives. We have demonstrated success in executing our innovation strategy, which has contributed to superior returns with industry-low volatility, growth in our premium base and higher adjusted book value per share. With this momentum and the best talent in the industry, we remain well positioned for success this year and beyond.”

Consolidated Results

($ in millions and pre-tax, unless noted otherwise)	Three Months Ended March 31, 2024	2023	Change
Underwriting gain:	**$ 577**	**$ 367**	**$ 210**
Underwriting gain includes:			
Net favorable prior year reserve development	*91*	*105*	*(14)*
Catastrophes, net of reinsurance	*(712)*	*(535)*	*(177)*
Net investment income	**846**	**663**	**183**
Other income (expense), including interest expense	**(88)**	**(108)**	**20**
Core income before income taxes	**1,335**	**922**	**413**
Income tax expense (benefit)	**239**	**(48)**	**287**
Core income	**1,096**	**970**	**126**
Net realized investment gains after income taxes	**27**	**5**	**22**
Net income	**$ 1,123**	**$ 975**	**$ 148**
Combined ratio	**93.9 %**	**95.4 %**	**(1.5) pts**
Impact on combined ratio			
Net favorable prior year reserve development	(0.9) pts	(1.2) pts	0.3 pts
Catastrophes, net of reinsurance	7.1 pts	6.0 pts	1.1 pts
Underlying combined ratio	**87.7 %**	**90.6 %**	**(2.9) pts**
Net written premiums			
Business Insurance	$ 5,596	$ 5,157	9 %
Bond & Specialty Insurance	943	886	6
Personal Insurance	3,643	3,353	9
Total	**$ 10,182**	**$ 9,396**	**8 %**

First Quarter 2024 Results

(All comparisons vs. first quarter 2023, unless noted otherwise)

Net income of $1.123 billion increased $148 million, due to higher core income and higher net realized investment gains. Core income of $1.096 billion increased $126 million, primarily due to higher net investment income and a higher underlying underwriting gain, partially offset by higher catastrophe losses. The underlying underwriting gain benefited from higher business volumes. The underlying underwriting gain in the prior year quarter included a one-time tax benefit of $211 million due to the expiration of the statute of limitations with respect to a tax item. Net realized investment gains were $35 million pre-tax ($27 million after-tax), compared to $6 million pre-tax ($5 million after-tax) in the prior year quarter.

Combined ratio:

- The combined ratio of 93.9% improved 1.5 points due to an improvement in the underlying combined ratio (2.9 points), partially offset by higher catastrophe losses (1.1 points) and lower net favorable prior year reserve development (0.3 points).
- The underlying combined ratio of 87.7% improved 2.9 points. See below for further details by segment.
- Net favorable prior year reserve development occurred in Personal Insurance and Bond & Specialty Insurance. There was no net prior year reserve development in Business Insurance. See below for further details by segment.
- Catastrophe losses primarily resulted from severe wind and hail storms in the central and eastern regions of the United States.

Net investment income of $846 million pre-tax ($698 million after-tax) increased 28%. Income from the fixed income investment portfolio increased over the prior year quarter due to a higher average yield and growth in fixed maturity investments. Income from the non-fixed income investment portfolio increased over the prior year quarter primarily

due to higher private equity partnership returns. Non-fixed income returns are generally reported on a one-quarter lagged basis and directionally follow the broader equity markets.

Net written premiums of $10.182 billion increased 8%. See below for further details by segment.

Shareholders' Equity

Shareholders' equity of $25.022 billion increased slightly over year-end 2023, primarily due to net income of $1.123 billion, largely offset by higher net unrealized investment losses, common share repurchases and dividends to shareholders. Net unrealized investment losses included in shareholders' equity were $4.720 billion pre-tax ($3.721 billion after-tax), compared to $3.970 billion pre-tax ($3.129 billion after-tax) at year-end 2023. The increase in net unrealized investment losses was driven by higher interest rates. Book value per share of $109.28 increased slightly over year-end 2023. Adjusted book value per share of $125.53, which excludes net unrealized investment gains (losses), increased 2% over year-end 2023.

The Company repurchased 1.2 million common shares in the open market during the first quarter under its share repurchase authorizations for a total cost of $250 million. The average cost per share repurchased was $217.31. In addition, the Company acquired 0.6 million common shares for a total cost of $138 million in connection with employee share-based compensation. At March 31, 2024, the Company had $5.790 billion of capacity remaining under its share repurchase authorizations approved by the Board of Directors.

At the end of the quarter, statutory capital and surplus was $25.329 billion, and the ratio of debt-to-capital was 24.3%. The ratio of debt-to-capital excluding after-tax net unrealized investment gains (losses) included in shareholders' equity was 21.8%, within the Company's target range of 15% to 25%.

The Board of Directors declared a 5% increase in the regular quarterly dividend to $1.05 per share. The dividend is payable June 28, 2024, to shareholders of record at the close of business on June 10, 2024.

Business Insurance Segment Financial Results

($ in millions and pre-tax, unless noted otherwise)	Three Months Ended March 31, 2024	2023	Change
Underwriting gain:	**$ 334**	**$ 273**	**$ 61**
Underwriting gain includes:			
Net favorable prior year reserve development	*—*	*19*	*(19)*
Catastrophes, net of reinsurance	*(209)*	*(199)*	*(10)*
Net investment income	**609**	**473**	**136**
Other income (expense)	**(9)**	**(33)**	**24**
Segment income before income taxes	**934**	**713**	**221**
Income tax expense (benefit)	**170**	**(43)**	**213**
Segment income	**$ 764**	**$ 756**	**$ 8**
Combined ratio	**93.3 %**	**93.6 %**	**(0.3) pts**
Impact on combined ratio			
Net favorable prior year reserve development	— pts	(0.4) pts	0.4 pts
Catastrophes, net of reinsurance	4.1 pts	4.4 pts	(0.3) pts
Underlying combined ratio	**89.2 %**	**89.6 %**	**(0.4) pts**
Net written premiums by market			
Domestic			
Select Accounts	$ 974	$ 908	7 %
Middle Market	3,213	2,926	10
National Accounts	327	294	11
National Property and Other	642	590	9
Total Domestic	5,156	4,718	9
International	440	439	—
Total	**$5,596**	**$5,157**	**9 %**

First Quarter 2024 Results

(All comparisons vs. first quarter 2023, unless noted otherwise)

Segment income for Business Insurance was $764 million after-tax, an increase of $8 million. Segment income increased primarily due to higher net investment income, partially offset by a lower underlying underwriting gain. The underlying underwriting gain benefited from higher business volumes. The underlying underwriting gain in the prior year quarter included a one-time tax benefit of $171 million due to the expiration of the statute of limitations with respect to a tax item.

Combined ratio:

- The combined ratio of 93.3% improved 0.3 points due to a lower underlying combined ratio (0.4 points) and lower catastrophe losses (0.3 points), partially offset by no net prior year reserve development compared with net favorable prior year reserve development in the prior year quarter (0.4 points).
- The underlying combined ratio improved 0.4 points to a very strong 89.2%.
- There was no net prior year reserve development in the current quarter, as better than expected loss experience in the domestic operations' workers' compensation product line for multiple accident years was offset primarily by higher than expected loss experience in the general liability product line for recent accident years, as well as an addition to reserves related to run-off operations.

Net written premiums of $5.596 billion increased 9%, reflecting strong renewal premium change and retention, as well as higher levels of new business.

Bond & Specialty Insurance Segment Financial Results

($ in millions and pre-tax, unless noted otherwise)	Three Months Ended March 31, 2024	2023	Change
Underwriting gain:	**$ 144**	**$ 171**	**$ (27)**
Underwriting gain includes:			
Net favorable prior year reserve development	*24*	*58*	*(34)*
Catastrophes, net of reinsurance	*(5)*	*(5)*	*—*
Net investment income	**90**	**73**	**17**
Other income	**6**	**4**	**2**
Segment income before income taxes	**240**	**248**	**(8)**
Income tax expense	**45**	**41**	**4**
Segment income	**$ 195**	**$ 207**	**$ (12)**
Combined ratio	**84.5 %**	**80.0 %**	**4.5 pts**
Impact on combined ratio			
Net favorable prior year reserve development	(2.5) pts	(6.7) pts	4.2 pts
Catastrophes, net of reinsurance	0.5 pts	0.6 pts	(0.1) pts
Underlying combined ratio	**86.5 %**	**86.1 %**	**0.4 pts**
Net written premiums			
Domestic			
Management Liability	$ 543	$ 511	6 %
Surety	296	257	15
Total Domestic	839	768	9
International	104	118	(12)
Total	**$ 943**	**$ 886**	**6 %**

First Quarter 2024 Results

(All comparisons vs. first quarter 2023, unless noted otherwise)

Segment income for Bond & Specialty Insurance was $195 million after-tax, a decrease of $12 million. Segment income decreased primarily due to lower net favorable prior year reserve development, partially offset by higher net investment income. The underlying underwriting gain benefited from higher business volumes. The underlying underwriting gain in the prior year quarter included a one-time tax benefit of $9 million due to the expiration of the statute of limitations with respect to a tax item.

Combined ratio:

- The combined ratio of 84.5% increased 4.5 points due to lower net favorable prior year reserve development (4.2 points) and a higher underlying combined ratio (0.4 points), partially offset by a smaller impact from catastrophe losses (0.1 points).
- The underlying combined ratio of 86.5% increased 0.4 points.
- Net favorable prior year reserve development was primarily driven by better than expected loss experience in multiple product lines within domestic operations.

Net written premiums of $943 million increased 6%, reflecting strong production in both surety and management liability.

Personal Insurance Segment Financial Results

($ in millions and pre-tax, unless noted otherwise)	Three Months Ended March 31, 2024	2023	Change
Underwriting gain (loss):	**$ 99**	**$ (77)**	**$ 176**
Underwriting gain (loss) includes:			
Net favorable prior year reserve development	*67*	*28*	*39*
Catastrophes, net of reinsurance	*(498)*	*(331)*	*(167)*
Net investment income	**147**	**117**	**30**
Other income	**21**	**18**	**3**
Segment income before income taxes	**267**	**58**	**209**
Income tax expense (benefit)	**47**	**(25)**	**72**
Segment income	**$ 220**	**$ 83**	**$ 137**
Combined ratio	**96.9 %**	**101.5 %**	**(4.6) pts**
Impact on combined ratio			
Net favorable prior year reserve development	(1.6) pts	(0.8) pts	(0.8) pts
Catastrophes, net of reinsurance	12.4 pts	9.4 pts	3.0 pts
Underlying combined ratio	**86.1 %**	**92.9 %**	**(6.8) pts**
Net written premiums			
Domestic			
Automobile	$ 1,859	$ 1,654	12 %
Homeowners and Other	1,635	1,565	4
Total Domestic	3,494	3,219	9
International	149	134	11
Total	**$ 3,643**	**$ 3,353**	**9 %**

First Quarter 2024 Results

(All comparisons vs. first quarter 2023, unless noted otherwise)

Segment income for Personal Insurance was $220 million after-tax, an increase of $137 million. Segment income increased primarily due to a higher underlying underwriting gain, higher net favorable prior year reserve development and higher net investment income, partially offset by higher catastrophe losses. The underlying underwriting gain benefited from higher business volumes. The underlying underwriting gain in the prior year quarter included a one-time tax benefit of $31 million due to the expiration of the statute of limitations with respect to a tax item.

Combined ratio:

- The combined ratio of 96.9% improved 4.6 points due to an improvement in the underlying combined ratio (6.8 points) and higher net favorable prior year reserve development (0.8 points), partially offset by higher catastrophe losses (3.0 points).

- The underlying combined ratio of 86.1% improved 6.8 points, reflecting improvement in both Automobile and Homeowners and Other.

- Net favorable prior year reserve development was primarily driven by better than expected loss experience in the domestic operations' automobile product line for recent accident years.

Net written premiums of $3.643 billion increased 9%, reflecting strong renewal premium change in both Domestic Automobile and Homeowners and Other.

Financial Supplement and Conference Call

The information in this press release should be read in conjunction with the financial supplement that is available on our website at Travelers.com. Travelers management will discuss the contents of this release and other relevant topics via webcast at 9 a.m. Eastern (8 a.m. Central) on Wednesday, April 17, 2024. Investors can access the call via webcast at investor.travelers.com or by dialing 1.888.440.6281 within the United States or 1.646.960.0218 outside the United States. Prior to the webcast, a slide presentation pertaining to the quarterly earnings will be available on the Company's website.

Following the live event, replays will be available via webcast for one year at investor.travelers.com and by telephone for 30 days by dialing 1.800.770.2030 within the United States or 1.647.362.9199 outside the United States. All callers should use conference ID 5449478.

About Travelers

The Travelers Companies, Inc. (NYSE: TRV) is a leading provider of property casualty insurance for auto, home and business. A component of the Dow Jones Industrial Average, Travelers has more than 30,000 employees and generated revenues of more than $41 billion in 2023. For more information, visit Travelers.com.

Travelers may use its website and/or social media outlets, such as Facebook and X, as distribution channels of material Company information. Financial and other important information regarding the Company is routinely accessible through and posted on our website at investor.travelers.com, our Facebook page at facebook.com/travelers and our X account (@Travelers) at twitter.com/travelers. In addition, you may automatically receive email alerts and other information about Travelers when you enroll your email address by visiting the Email Notifications section at investor.travelers.com.

Travelers is organized into the following reportable business segments:

Business Insurance - Business Insurance offers a broad array of property and casualty insurance products and services to its customers, primarily in the United States, as well as in Canada, the United Kingdom, the Republic of Ireland and throughout other parts of the world, including as a corporate member of Lloyd's.

Bond & Specialty Insurance - Bond & Specialty Insurance offers surety, fidelity, management liability, professional liability, and other property and casualty coverages and related risk management services to its customers, primarily in the United States, and certain surety and specialty insurance products in Canada, the United Kingdom and the Republic of Ireland, as well as Brazil through a joint venture, in each case utilizing various degrees of financially-based underwriting approaches.

Personal Insurance - Personal Insurance offers a broad range of property and casualty insurance products and services covering individuals' personal risks, primarily in the United States, as well as in Canada. Personal Insurance's primary products of automobile and homeowners insurance are complemented by a broad suite of related coverages.

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Forward-Looking Statements

This press release contains, and management may make, certain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, may be forward-looking statements. Words such as "may," "will," "should," "likely," "probably," "anticipates," "expects," "intends," "plans," "projects," "believes," "views," "ensures," "estimates" and similar expressions are used to identify these forward-looking statements. These statements include, among other things, the Company's statements about:

- the Company's outlook, the impact of trends on its business, such as the impact of elevated industrywide loss costs in Personal Insurance, and its future results of operations and financial condition;
- the impact of legislative or regulatory actions or court decisions;
- share repurchase plans;
- future pension plan contributions;
- the sufficiency of the Company's asbestos and other reserves;

- the impact of emerging claims issues as well as other insurance and non-insurance litigation;
- the cost and availability of reinsurance coverage;
- catastrophe losses and modeling;
- the impact of investment, economic and underwriting market conditions, including interest rates and inflation;
- the Company's approach to managing its investment portfolio;
- the impact of changing climate conditions;
- strategic and operational initiatives to improve profitability and competitiveness;
- the Company's competitive advantages and innovation agenda, including executing on that agenda with respect to artificial intelligence;
- the Company's cybersecurity policies and practices;
- new product offerings;
- the impact of developments in the tort environment;
- the impact of developments in the geopolitical environment; and
- the impact of the Company's acquisition of Corvus Insurance Holdings, Inc.

The Company cautions investors that such statements are subject to risks and uncertainties, many of which are difficult to predict and generally beyond the Company's control, that could cause actual results to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements.

Some of the factors that could cause actual results to differ include, but are not limited to, the following:

Insurance-Related Risks

- high levels of catastrophe losses;
- actual claims may exceed the Company's claims and claim adjustment expense reserves, or the estimated level of claims and claim adjustment expense reserves may increase, including as a result of, among other things, changes in the legal/tort, regulatory and economic environments, including increased inflation;
- the Company's potential exposure to asbestos and environmental claims and related litigation;
- the Company is exposed to, and may face adverse developments involving, mass tort claims; and
- the effects of emerging claim and coverage issues on the Company's business are uncertain, and court decisions or legislative changes that take place after the Company issues its policies can result in an unexpected increase in the number of claims.

Financial, Economic and Credit Risks

- a period of financial market disruption or an economic downturn;
- the Company's investment portfolio is subject to credit and interest rate risk, and may suffer reduced or low returns or material realized or unrealized losses;
- the Company is exposed to credit risk related to reinsurance and structured settlements, and reinsurance coverage may not be available to the Company;
- the Company is exposed to credit risk in certain of its insurance operations and with respect to certain guarantee or indemnification arrangements that it has with third parties;
- a downgrade in the Company's claims-paying and financial strength ratings; and
- the Company's insurance subsidiaries may be unable to pay dividends to the Company's holding company in sufficient amounts.

Business and Operational Risks

- the intense competition that the Company faces, including with respect to attracting and retaining employees, and the impact of innovation, technological change and changing customer preferences on the insurance industry and the markets in which it operates;
- disruptions to the Company's relationships with its independent agents and brokers or the Company's inability to manage effectively a changing distribution landscape;
- the Company's efforts to develop new products or services, expand in targeted markets, improve business processes and workflows or make acquisitions may not be successful and may create enhanced risks;
- the Company's pricing and capital models may provide materially different indications than actual results;
- loss of or significant restrictions on the use of particular types of underwriting criteria, such as credit scoring, or other data or methodologies, in the pricing and underwriting of the Company's products;

- the Company is subject to additional risks associated with its business outside the United States; and
- future pandemics (including new variants of COVID-19).

Technology and Intellectual Property Risks

- as a result of cyber attacks (the risk of which could be exacerbated by geopolitical tensions) or otherwise, the Company may experience difficulties with technology, data and network security or outsourcing relationships;
- the Company's dependence on effective information technology systems and on continuing to develop and implement improvements in technology, including with respect to artificial intelligence; and
- the Company may be unable to protect and enforce its own intellectual property or may be subject to claims for infringing the intellectual property of others.

Regulatory and Compliance Risks

- changes in regulation, including higher tax rates; and
- the Company's compliance controls may not be effective.

In addition, the Company's share repurchase plans depend on a variety of factors, including the Company's financial position, earnings, share price, catastrophe losses, maintaining capital levels appropriate for the Company's business operations, changes in levels of written premiums, funding of the Company's qualified pension plan, capital requirements of the Company's operating subsidiaries, legal requirements, regulatory constraints, other investment opportunities (including mergers and acquisitions and related financings), market conditions, changes in tax laws (including the Inflation Reduction Act of 2022) and other factors.

Our forward-looking statements speak only as of the date of this press release or as of the date they are made, and we undertake no obligation to update forward-looking statements. For a more detailed discussion of these factors, see the information under the captions "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Forward Looking Statements" in our most recent annual report on Form 10-K filed with the Securities and Exchange Commission (SEC) on February 15, 2024, as updated by our periodic filings with the SEC.

GLOSSARY OF FINANCIAL MEASURES AND RECONCILIATIONS OF GAAP MEASURES TO NON-GAAP MEASURES

The following measures are used by the Company's management to evaluate financial performance against historical results, to establish performance targets on a consolidated basis and for other reasons as discussed below. In some cases, these measures are considered non-GAAP financial measures under applicable SEC rules because they are not displayed as separate line items in the consolidated financial statements or are not required to be disclosed in the notes to financial statements or, in some cases, include or exclude certain items not ordinarily included or excluded in the most comparable GAAP financial measure. Reconciliations of these measures to the most comparable GAAP measures also follow.

In the opinion of the Company's management, a discussion of these measures provides investors, financial analysts, rating agencies and other financial statement users with a better understanding of the significant factors that comprise the Company's periodic results of operations and how management evaluates the Company's financial performance.

Some of these measures exclude net realized investment gains (losses), net of tax, and/or net unrealized investment gains (losses), net of tax, included in shareholders' equity, which can be significantly impacted by both discretionary and other economic factors and are not necessarily indicative of operating trends.

Other companies may calculate these measures differently, and, therefore, their measures may not be comparable to those used by the Company's management.

RECONCILIATION OF NET INCOME TO CORE INCOME AND CERTAIN OTHER NON-GAAP MEASURES

Core income (loss) is consolidated net income (loss) excluding the after-tax impact of net realized investment gains (losses), discontinued operations, the effect of a change in tax laws and tax rates at enactment, and

cumulative effect of changes in accounting principles when applicable. **Segment income (loss)** is determined in the same manner as core income (loss) on a segment basis. Management uses segment income (loss) to analyze each segment's performance and as a tool in making business decisions. Financial statement users also consider core income (loss) when analyzing the results and trends of insurance companies. **Core income (loss) per share** is core income (loss) on a per common share basis.

Reconciliation of Net Income to Core Income less Preferred Dividends

	Three Months Ended March 31,	
($ in millions, after-tax)	2024	2023
Net income	**$ 1,123**	**$ 975**
Adjustments:		
Net realized investment gains	(27)	(5)
Core income	**$ 1,096**	**$ 970**

	Three Months Ended March 31,	
($ in millions, pre-tax)	2024	2023
Net income	**$ 1,370**	**$ 928**
Adjustments:		
Net realized investment gains	(35)	(6)
Core income	**$ 1,335**	**$ 922**

	Twelve Months Ended December 31,					Average Annual
($ in millions, after-tax)	2023	2022	2021	2020	2019	2005 - 2018
Net income	**$ 2,991**	**$ 2,842**	**$ 3,662**	**$ 2,697**	**$ 2,622**	**$ 3,035**
Less: Loss from discontinued operations	—	—	—	—	—	(31)
Income from continuing operations	**2,991**	**2,842**	**3,662**	**2,697**	**2,622**	**3,066**
Adjustments:						
Net realized investment (gains) losses	81	156	(132)	(11)	(85)	(41)
Impact of changes in tax laws and/or tax rates (1) (2)	—	—	(8)	—	—	9
Core income	**3,072**	**2,998**	**3,522**	**2,686**	**2,537**	**3,034**
Less: Preferred dividends	—	—	—	—	—	2
Core income, less preferred dividends	**$ 3,072**	**$ 2,998**	**$ 3,522**	**$ 2,686**	**$ 2,537**	**$ 3,032**

(1) Impact is recognized in the accounting period in which the change is enacted
(2) 2017 reflects impact of Tax Cuts and Jobs Act of 2017 (TCJA)

Reconciliation of Net Income per Share to Core Income per Share on a Diluted Basis

	Three Months Ended March 31,	
	2024	2023
Diluted income per share		
Net income	**$ 4.80**	**$ 4.13**
Adjustments:		
Net realized investment gains, after-tax	(0.11)	(0.02)
Core income	**$ 4.69**	**$ 4.11**

Reconciliation of Segment Income to Total Core Income

($ in millions, after-tax)	Three Months Ended March 31, 2024	2023
Business Insurance	$ 764	$ 756
Bond & Specialty Insurance	195	207
Personal Insurance	220	83
Total segment income	1,179	1,046
Interest Expense and Other	(83)	(76)
Total core income	**$ 1,096**	**$ 970**

RECONCILIATION OF SHAREHOLDERS' EQUITY TO ADJUSTED SHAREHOLDERS' EQUITY AND CALCULATION OF RETURN ON EQUITY AND CORE RETURN ON EQUITY

Adjusted shareholders' equity is shareholders' equity excluding net unrealized investment gains (losses), net of tax, included in shareholders' equity, net realized investment gains (losses), net of tax, for the period presented, the effect of a change in tax laws and tax rates at enactment (excluding the portion related to net unrealized investment gains (losses)), preferred stock and discontinued operations.

Reconciliation of Shareholders' Equity to Adjusted Shareholders' Equity

($ in millions)	As of March 31, 2024	2023
Shareholders' equity	**$ 25,022**	**$ 23,052**
Adjustments:		
Net unrealized investment losses, net of tax, included in shareholders' equity	3,721	3,868
Net realized investment gains, net of tax	(27)	(5)
Adjusted shareholders' equity	**$ 28,716**	**$ 26,915**

($ in millions)	As of December 31, 2023	2022	2021	2020	2019	Average Annual 2005 - 2018
Shareholders' equity	**$ 24,921**	**$ 21,560**	**$ 28,887**	**$ 29,201**	**$ 25,943**	**$ 24,659**
Adjustments:						
Net unrealized investment (gains) losses, net of tax, included in shareholders' equity	3,129	4,898	(2,415)	(4,074)	(2,246)	(1,232)
Net realized investment (gains) losses, net of tax	81	156	(132)	(11)	(85)	(41)
Impact of changes in tax laws and/or tax rates (1) (2)	—	—	(8)	—	—	20
Preferred stock	—	—	—	—	—	(45)
Loss from discontinued operations	—	—	—	—	—	31
Adjusted shareholders' equity	**$ 28,131**	**$ 26,614**	**$ 26,332**	**$ 25,116**	**$ 23,612**	**$ 23,392**

(1) Impact is recognized in the accounting period in which the change is enacted
(2) 2017 reflects impact of Tax Cuts and Jobs Act of 2017 (TCJA)

Return on equity is the ratio of annualized net income (loss) less preferred dividends to average shareholders' equity for the periods presented. **Core return on equity** is the ratio of annualized core income (loss) less preferred dividends to adjusted average shareholders' equity for the periods presented. In the opinion of the Company's management, these are important indicators of how well management creates value for its shareholders through its operating activities and its capital management.

Average shareholders' equity is (a) the sum of total shareholders' equity excluding preferred stock at the beginning and end of each of the quarters for the period presented divided by (b) the number of quarters in the period presented times two. **Adjusted average shareholders' equity** is (a) the sum of total adjusted shareholders' equity at the beginning and end of each of the quarters for the period presented divided by (b) the number of quarters in the period presented times two.

Calculation of Return on Equity and Core Return on Equity

($ in millions, after-tax)	Three Months Ended March 31, 2024	2023
Annualized net income	$ 4,493	$ 3,900
Average shareholders' equity	24,972	22,306
Return on equity	**18.0 %**	**17.5 %**
Annualized core income	$ 4,384	$ 3,881
Adjusted average shareholders' equity	28,383	26,687
Core return on equity	**15.4 %**	**14.5 %**

($ in millions, after-tax)	Twelve Months Ended December 31, 2023	2022	2021	2020	2019	Average Annual 2005 - 2018
Net income, less preferred dividends	$2,991	$2,842	$3,662	$2,697	$2,622	$ 3,033
Average shareholders' equity	22,031	23,384	28,735	26,892	24,922	24,677
Return on equity	**13.6 %**	**12.2 %**	**12.7 %**	**10.0 %**	**10.5 %**	**12.3 %**
Core income, less preferred dividends	$3,072	$2,998	$3,522	$2,686	$2,537	$ 3,032
Adjusted average shareholders' equity	26,772	26,588	25,718	23,790	23,335	23,401
Core return on equity	**11.5 %**	**11.3 %**	**13.7 %**	**11.3 %**	**10.9 %**	**13.0 %**

RECONCILIATION OF NET INCOME TO UNDERWRITING GAIN EXCLUDING CERTAIN ITEMS

Underwriting gain (loss) is net earned premiums and fee income less claims and claim adjustment expenses and insurance-related expenses. In the opinion of the Company's management, it is important to measure the profitability of each segment excluding the results of investing activities, which are managed separately from the insurance business. This measure is used to assess each segment's business performance and as a tool in making business decisions. **Underwriting gain, excluding the impact of catastrophes and net favorable (unfavorable) prior year loss reserve development**, is the underwriting gain adjusted to exclude claims and claim adjustment expenses, reinstatement premiums and assessments related to catastrophes and loss reserve development related to time periods prior to the current year. In the opinion of the Company's management, this measure is meaningful to users of the financial statements to understand the Company's periodic earnings and the variability of earnings caused by the unpredictable nature (i.e., the timing and amount) of catastrophes and loss reserve development. This measure is also referred to as **underlying underwriting gain, underlying underwriting margin, underlying underwriting income or underlying underwriting result**.

A **catastrophe** is a severe loss designated a catastrophe by internationally recognized organizations that track and report on insured losses resulting from catastrophic events, such as Property Claim Services (PCS) for events in the United States and Canada. Catastrophes can be caused by various natural events, including, among others, hurricanes, tornadoes and other windstorms, earthquakes, hail, wildfires, severe winter weather, floods, tsunamis, volcanic eruptions and other naturally-occurring events, such as solar flares. Catastrophes can also be man-made, such as terrorist attacks and other intentionally destructive acts including those involving nuclear, biological, chemical and radiological events, cyber events, explosions and destruction of infrastructure. Each catastrophe has unique characteristics and catastrophes are not predictable as to timing or amount. Their effects are included in net and core income and claims and claim adjustment expense reserves upon occurrence. A catastrophe may result in the payment of reinsurance reinstatement premiums and assessments from various pools.

The Company's threshold for disclosing catastrophes is primarily determined at the reportable segment level. If a threshold for one segment or a combination thereof is exceeded and the other segments have losses from the same event, losses from the event are identified as catastrophe losses in the segment results and for the consolidated results of the Company. Additionally, an aggregate threshold is applied for international business across all reportable segments. The threshold for 2024 ranges from $20 million to $30 million of losses before reinsurance and taxes.

Net favorable (unfavorable) prior year loss reserve development is the increase or decrease in incurred claims and claim adjustment expenses as a result of the re-estimation of claims and claim adjustment expense reserves at successive valuation dates for a given group of claims, which may be related to one or more prior years. In the

opinion of the Company's management, a discussion of loss reserve development is meaningful to users of the financial statements as it allows them to assess the impact between prior and current year development on incurred claims and claim adjustment expenses, net and core income (loss), and changes in claims and claim adjustment expense reserve levels from period to period.

Reconciliation of Net Income to Pre-Tax Underlying Underwriting Income (also known as Underlying Underwriting Gain)

	Three Months Ended March 31,	
($ in millions, after-tax, except as noted)	2024	2023
Net income	**$ 1,123**	**$ 975**
Net realized investment gains	(27)	(5)
Core income	**1,096**	**970**
Net investment income	(698)	(557)
Other (income) expense, including interest expense	74	88
Underwriting income	**472**	**501**
Income tax expense (benefit) on underwriting results	105	(134)
Pre-tax underwriting income	**577**	**367**
Pre-tax impact of net favorable prior year reserve development	(91)	(105)
Pre-tax impact of catastrophes	712	535
Pre-tax underlying underwriting income	**$ 1,198**	**$ 797**

Reconciliation of Net Income to After-Tax Underlying Underwriting Income (also known as Underlying Underwriting Gain)

	Three Months Ended March 31,	
($ in millions, after-tax)	2024	2023
Net income	**$ 1,123**	**$ 975**
Net realized investment gains	(27)	(5)
Core income	**1,096**	**970**
Net investment income	(698)	(557)
Other (income) expense, including interest expense	74	88
Underwriting income	**472**	**501**
Impact of net favorable prior year reserve development	(71)	(83)
Impact of catastrophes	563	422
Underlying underwriting income	**$ 964**	**$ 840**

	Twelve Months Ended December 31,											
($ in millions, after-tax)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Net income	**$ 2,991**	**$ 2,842**	**$ 3,662**	**$ 2,697**	**$ 2,622**	**$ 2,523**	**$ 2,056**	**$ 3,014**	**$ 3,439**	**$ 3,692**	**$ 3,673**	**$ 2,473**
Net realized investment (gains) losses	81	156	(132)	(11)	(85)	(93)	(142)	(47)	(2)	(51)	(106)	(32)
Impact of changes in tax laws and/or tax rates (1) (2)	—	—	(8)	—	—	—	129	—	—	—	—	—
Core income	**3,072**	**2,998**	**3,522**	**2,686**	**2,537**	**2,430**	**2,043**	**2,967**	**3,437**	**3,641**	**3,567**	**2,441**
Net investment income	(2,436)	(2,170)	(2,541)	(1,908)	(2,097)	(2,102)	(1,872)	(1,846)	(1,905)	(2,216)	(2,186)	(2,316)
Other (income) expense, including interest expense	337	277	235	232	214	248	179	78	193	159	61	171
Underwriting income	**973**	**1,105**	**1,216**	**1,010**	**654**	**576**	**350**	**1,199**	**1,725**	**1,584**	**1,442**	**296**
Impact of net (favorable) unfavorable prior year reserve development	(113)	(512)	(424)	(276)	47	(409)	(378)	(510)	(617)	(616)	(552)	(622)
Impact of catastrophes	2,361	1,480	1,459	1,274	699	1,355	1,267	576	338	462	387	1,214
Underlying underwriting income	**$ 3,221**	**$ 2,073**	**$ 2,251**	**$ 2,008**	**$ 1,400**	**$ 1,522**	**$ 1,239**	**$ 1,265**	**$ 1,446**	**$ 1,430**	**$ 1,277**	**$ 888**

(1) Impact is recognized in the accounting period in which the change is enacted
(2) 2017 reflects impact of Tax Cuts and Jobs Act of 2017 (TCJA)

COMBINED RATIO AND ADJUSTMENTS FOR UNDERLYING COMBINED RATIO

Combined ratio: For Statutory Accounting Practices (SAP), the combined ratio is the sum of the SAP loss and LAE ratio and the SAP underwriting expense ratio as defined in the statutory financial statements required by insurance regulators. The combined ratio, as used in this earnings release, is the equivalent of, and is calculated in the same manner as, the SAP combined ratio except that the SAP underwriting expense ratio is based on net *written* premiums and the underwriting expense ratio as used in this earnings release is based on net *earned* premiums.

For SAP, the loss and LAE ratio is the ratio of incurred losses and loss adjustment expenses less certain administrative services fee income to net *earned* premiums as defined in the statutory financial statements required by insurance regulators. The loss and LAE ratio as used in this earnings release is calculated in the same manner as the SAP ratio.

For SAP, the underwriting expense ratio is the ratio of underwriting expenses incurred (including commissions paid), less certain administrative services fee income and billing and policy fees and other, to net *written* premiums as defined in the statutory financial statements required by insurance regulators. The underwriting expense ratio as used in this earnings release, is the ratio of underwriting expenses (including the amortization of deferred acquisition costs), less certain administrative services fee income, billing and policy fees and other, to net *earned* premiums.

The combined ratio, loss and LAE ratio, and underwriting expense ratio are used as indicators of the Company's underwriting discipline, efficiency in acquiring and servicing its business and overall underwriting profitability. A combined ratio under 100% generally indicates an underwriting profit. A combined ratio over 100% generally indicates an underwriting loss.

Underlying combined ratio represents the combined ratio excluding the impact of net prior year reserve development and catastrophes. The underlying combined ratio is an indicator of the Company's underwriting discipline and underwriting profitability for the current accident year.

Other companies' method of computing similarly titled measures may not be comparable to the Company's method of computing these ratios.

Calculation of the Combined Ratio

($ in millions, pre-tax)	Three Months Ended March 31, 2024	2023
Loss and loss adjustment expense ratio		
Claims and claim adjustment expenses	$ 6,656	$ 5,959
Less:		
Policyholder dividends	12	12
Allocated fee income	39	42
Loss ratio numerator	**$ 6,605**	**$ 5,905**
Underwriting expense ratio		
Amortization of deferred acquisition costs	$ 1,698	$ 1,462
General and administrative expenses (G&A)	1,406	1,267
Less:		
Non-insurance G&A	102	95
Allocated fee income	70	64
Billing and policy fees and other	30	28
Expense ratio numerator	**$ 2,902**	**$ 2,542**
Earned premium	**$10,126**	**$ 8,854**
Combined ratio (1)		
Loss and loss adjustment expense ratio	65.2 %	66.7 %
Underwriting expense ratio	28.7 %	28.7 %
Combined ratio	**93.9 %**	**95.4 %**
Impact on combined ratio:		
Net favorable prior year reserve development	(0.9)%	(1.2)%
Catastrophes, net of reinsurance	7.1 %	6.0 %
Underlying combined ratio	**87.7 %**	**90.6 %**

(1) For purposes of computing ratios, billing and policy fees and other (which are a component of other revenues) are allocated as a reduction of underwriting expenses. In addition, fee income is allocated as a reduction of losses and loss adjustment expenses and underwriting expenses. These allocations are to conform the calculation of the combined ratio with statutory accounting. Additionally, general and administrative expenses include non-insurance expenses that are excluded from underwriting expenses, and accordingly are excluded in calculating the combined ratio.

RECONCILIATION OF BOOK VALUE PER SHARE AND SHAREHOLDERS' EQUITY TO CERTAIN NON-GAAP MEASURES

Book value per share is total common shareholders' equity divided by the number of common shares outstanding. **Adjusted book value per share** is total common shareholders' equity excluding net unrealized investment gains and losses, net of tax, included in shareholders' equity, divided by the number of common shares outstanding. In the opinion of the Company's management, adjusted book value per share is useful in an analysis of a property casualty company's book value per share as it removes the effect of changing prices on invested assets (i.e., net unrealized investment gains (losses), net of tax), which do not have an equivalent impact on unpaid claims and claim adjustment expense reserves. **Tangible book value per share** is adjusted book value per share excluding the after-tax value of goodwill and other intangible assets divided by the number of common shares outstanding. In the opinion of the Company's management, tangible book value per share is useful in an analysis of a property casualty company's book value on a nominal basis as it removes certain effects of purchase accounting (i.e., goodwill and other intangible assets), in addition to the effect of changing prices on invested assets.

Reconciliation of Shareholders' Equity to Tangible Shareholders' Equity, Excluding Net Unrealized Investment Losses, Net of Tax and Calculation of Book Value Per Share, Adjusted Book Value Per Share and Tangible Book Value Per Share

($ in millions, except per share amounts)	As of March 31, 2024	As of December 31, 2023	As of March 31, 2023
Shareholders' equity	**$ 25,022**	**$ 24,921**	**$ 23,052**
Less: Net unrealized investment losses, net of tax, included in shareholders' equity	(3,721)	(3,129)	(3,868)
Shareholders' equity, excluding net unrealized investment losses, net of tax, included in shareholders' equity	**28,743**	**28,050**	**26,920**
Less:			
Goodwill	4,251	3,976	3,959
Other intangible assets	376	277	285
Impact of deferred tax on other intangible assets	(85)	(69)	(63)
Tangible shareholders' equity, excluding net unrealized investment losses, net of tax, included in shareholders' equity	**$ 24,201**	**$ 23,866**	**$ 22,739**
Common shares outstanding	229.0	228.2	231.0
Book value per share	$ 109.28	$ 109.19	$ 99.80
Adjusted book value per share	125.53	122.90	116.55
Tangible book value per share, excluding net unrealized investment losses, net of tax, included in shareholders' equity	105.69	104.57	98.45

RECONCILIATION OF TOTAL CAPITALIZATION TO TOTAL CAPITALIZATION EXCLUDING NET UNREALIZED INVESTMENT GAINS (LOSSES), NET OF TAX

Total capitalization is the sum of total shareholders' equity and debt. **Debt-to-capital ratio excluding net unrealized gains (losses) on investments, net of tax, included in shareholders' equity**, is the ratio of debt to total capitalization excluding the after-tax impact of net unrealized investment gains and losses included in shareholders' equity. In the opinion of the Company's management, the debt-to-capital ratio is useful in an analysis of the Company's financial leverage.

($ in millions)	As of March 31, 2024	As of December 31, 2023
Debt	$ 8,032	$ 8,031
Shareholders' equity	25,022	24,921
Total capitalization	**33,054**	**32,952**
Less: Net unrealized investment losses, net of tax, included in shareholders' equity	(3,721)	(3,129)
Total capitalization excluding net unrealized losses on investments, net of tax, included in shareholders' equity	**$ 36,775**	**$ 36,081**
Debt-to-capital ratio	24.3 %	24.4 %
Debt-to-capital ratio excluding net unrealized investment losses, net of tax, included in shareholders' equity	21.8 %	22.3 %

RECONCILIATION OF INVESTED ASSETS TO INVESTED ASSETS EXCLUDING NET UNREALIZED INVESTMENT GAINS (LOSSES)

($ in millions)	As of March 31, 2024	As of March 31, 2023
Invested assets	$ 88,657	$ 82,035
Less: Net unrealized investment losses, pre-tax	(4,720)	(4,912)
Invested assets excluding net unrealized investment losses	**$ 93,377**	**$ 86,947**

($ in millions)	As of December 31, 2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Invested assets	$88,810	$80,454	$87,375	$84,423	$77,884	$72,278	$72,502	$70,488	$70,470	$73,261	$73,160	$73,838
Less: Net unrealized investment gains (losses), pre-tax	(3,970)	(6,220)	3,060	5,175	2,853	(137)	1,414	1,112	1,974	3,008	2,030	4,761
Invested assets excluding net unrealized investment gains (losses)	**$92,780**	**$86,674**	**$84,315**	**$79,248**	**$75,031**	**$72,415**	**$71,088**	**$69,376**	**$68,496**	**$70,253**	**$71,130**	**$69,077**

OTHER DEFINITIONS

Gross written premiums reflect the direct and assumed contractually determined amounts charged to policyholders for the effective period of the contract based on the terms and conditions of the insurance contract. **Net written premiums** reflect gross written premiums less premiums ceded to reinsurers.

For Business Insurance and Bond & Specialty Insurance, **retention** is the amount of premium available for renewal that was retained, excluding rate and exposure changes. For Personal Insurance, **retention** is the ratio of the expected number of renewal policies that will be retained throughout the annual policy period to the number of available renewal base policies. For all of the segments, **renewal rate change** represents the estimated change in average premium on policies that renew, excluding exposure changes. **Exposure** is the measure of risk used in the pricing of an insurance product. The change in exposure is the amount of change in premium on policies that renew attributable to the change in portfolio risk. **Renewal premium change** represents the estimated change in average premium on policies that renew, including rate and exposure changes. **New business** is the amount of written premium related to new policyholders and additional products sold to existing policyholders. These are operating statistics, which are in part dependent on the use of estimates and are therefore subject to change. For Business Insurance, retention, renewal premium change and new business exclude National Accounts. For Bond & Specialty Insurance, retention, renewal premium change and new business exclude surety and other products that are generally sold on a non-recurring, project specific basis. For each of the segments, production statistics referred to herein are domestic only unless otherwise indicated.

Statutory capital and surplus represents the excess of an insurance company's admitted assets over its liabilities, including loss reserves, as determined in accordance with statutory accounting practices.

Holding company liquidity is the total funds available at the holding company level to fund general corporate purposes, primarily the payment of shareholder dividends and debt service. These funds consist of total cash, short-term invested assets and other readily marketable securities held by the holding company.

For a glossary of other financial terms used in this press release, we refer you to the Company's most recent annual report on Form 10-K filed with the SEC on February 15, 2024, and subsequent periodic filings with the SEC.

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